



March 4, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Elijah E. Cummings
Chairman
Committee on Oversight and Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters & Chairman Cummings:

In light of your efforts to ensure that the Department of Housing and Urban Development (HUD) does not use public resources for the private benefit of government officials and instead works in the public interest,¹ we write to bring to your attention concerning information that we have uncovered in public records regarding the involvement of HUD Secretary Ben Carson's son in agency operations and agency actions that may have been undertaken for the private benefit of the Secretary's son.

There is substantial evidence that Secretary Carson has inappropriately delegated authority to his family members, granting them undue influence in federal operations and opportunities to divert public funds, disclose internal government information, and exchange access to public officials for personal benefit.² In one particularly problematic episode, records obtained by American Oversight early last year showed that the Secretary's son, Ben Carson Jr., was deeply involved in orchestrating a "listening tour" for his father in Baltimore.³ Additional documents later received by

¹ Letter from Ranking Mem. Elijah E. Cummings & Rep. Hakeem Jeffries to Trustees Donald Trump Jr. & Allen Weisselberg, Donald J. Trump Revocable Trust & Secretary Ben Carson, U.S. Dep't of Housing and Urban Development, July 7, 2017,

<https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/2017-07-07.%20EEC%20%20Jeffries%20to%20Trump%20Org.%20%20HUD.pdf>; John Harwood, *Rep. Maxine Waters Vows to Keep Her Door Open to Hear from Bankers - Even As She Takes on Wall Street*, CNBC (Feb. 1, 2019, 6:05 AM), <https://www.cnbc.com/2019/01/31/maxine-waters-gets-ready-to-oversee-titans-of-wall-street-in-new-house-role.html>.

² See, e.g., Alec MacGillis, *Is Anybody Home at HUD*, N.Y. MAG. (Aug. 22, 2017, 8:00 AM), <http://nymag.com/daily/intelligencer/2017/08/ben-carson-hud-secretary.html>; Juliet Eilperin & Jack Gillum, *'Using His Position for Private Gain': Ben Carson Was Warned He Might Run Afoul of Ethics Rules by Enlisting His Son*, WASH. POST, Jan. 31, 2018, https://www.washingtonpost.com/politics/using-his-position-for-private-gain-hud-lawyers-warned-ben-carson-risked-running-afoul-of-ethics-rules-by-enlisting-son/2018/01/31/bb20c48e-0532-11e8-8777-2a059f168dd2_story.html?utm_term=.0f7a4a2533fb.

³ *Inside the Documents: Ben Carson Jr's HUD Emails*, AMERICAN OVERSIGHT (Feb. 16, 2018), <https://www.americanoversight.org/deeper-dive-inside-aos-ben-carson-jr-documents>.



American Oversight suggest that a subsequent agency grant award may have been influenced by Ben Carson Jr.'s personal business interests.⁴ American Oversight believes that these records present information that may warrant investigation by your committees.

Documents obtained by American Oversight early last year revealed that the Secretary's son did far more than attend the Secretary's Baltimore listening tour; he actively arranged meetings and connected individuals with financial interests in HUD programs to his father.⁵ Media reporting showed that Secretary Carson allowed his son to play this role despite strong warnings from career HUD ethics officials that doing so would create the appearance that the Secretary was using his official position for the personal benefit of his family in violation of federal ethics rules.⁶ Ben Carson Jr. and his wife, Merlynn Carson, have financial stakes in several Maryland companies that stand to benefit from contracts with, or favors from, the federal government, as well as from developing relationships with state and local officials and businesses based on a perceived connection to HUD leadership.⁷

Despite these facts, HUD, Secretary Carson, and the Secretary's family have objected to any suggestion of impropriety. HUD previously acknowledged that Ben Carson Jr.'s activities had not been limited to the Baltimore listening tour but declined to clarify the extent of his role in HUD operations.⁸

Documents American Oversight later received from the Baltimore City government, however, raise additional questions about whether Ben Carson Jr. has influenced or attempted to influence HUD decisions to benefit his own private interests.⁹ Specifically, the Baltimore City records show that Ben Carson Jr. advocated to add two Baltimore neighborhoods—Poppleton and Park Heights—to the Secretary's listening tour less than a week after a Baltimore Housing Authority official urged his company, Interprise Partners, to consider investments in those areas.¹⁰ A Baltimore City official discussing the listening tour days later remarked that "given the unusual way [Poppleton] received HUD financing support" he found "the interest in it somewhat disconcerting."¹¹ And later, in 2018, HUD awarded a \$1.3 million Choice Neighborhoods Planning Grant to aid in redeveloping the Poppleton neighborhood.¹² These documents suggest

⁴ See *Documents Reveal Ben Carson Jr.'s Attempts to Use His Influence at HUD to Help His Business*, AMERICAN OVERSIGHT (Mar. 4, 2019), <https://www.americanoversight.org/documents-reveal-ben-carson-jr-s-attempts-to-use-his-influence-at-hud-to-help-his-business>.

⁵ Eilperin & Gillum, *supra* note 2.

⁶ *Id.*

⁷ These companies include Argo Systems LLC, Interprise Partners, and Myriddian. *Id.*

⁸ Emily Stewart, *Ben Carson's Family Ethics Drama, Explained*, VOX (Feb. 3, 2018, 11:36 am), <https://www.vox.com/policy-and-politics/2018/2/3/16967628/ben-carson-ethics-hud-son-baltimore>.

⁹ See Exhibit A (*highlighting added*); see also *supra* note 4 at <https://www.americanoversight.org/documents-reveal-ben-carson-jr-s-attempts-to-use-his-influence-at-hud-to-help-his-business>.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Poe, Poppleton, Hollins Transformation Plan #TransformPoe*, BALTIMORE HOUSING, http://www.baltimorehousing.org/transform_poe (last visited Feb. 19, 2019 and now unavailable);

that Ben Carson Jr. may have exerted influence on HUD decisions in service of specific business interests, and the concerns raised by these records all but demand investigation.

Federal programs are administered in the public interest, and grants, investments, and other agency actions must serve that interest. Unfortunately, the public record concerning Secretary Carson and his son is replete with red flags that these basic rules of government ethics have been ignored.

Public records released from both HUD and Baltimore City indicate that Ben Carson Jr. has been effectively acting as a HUD official on behalf of the agency while simultaneously acting as a private businessman on behalf of himself and other investors—with a significant potential for generating private benefits for himself. No HUD employee would be permitted to act in such a manner. These activities raise a number of legal and ethical concerns that warrant investigation, such as:

- Violations of criminal corruption laws. Multiple federal statutes prohibit exchanging official acts for direct or indirect payments.¹³ These laws would make it illegal for Secretary Carson to take official actions as HUD Secretary—for example, by approving specific projects or grants—in exchange for applicants making payments to, or partnering with, his son. Even short of a fully executed or attempted bribe, taking an overt act towards such a scheme could qualify as a conspiracy to break those laws by Secretary Carson, his son, and anyone else involved.
- Violations of anti-nepotism laws. By authorizing his son to act as an agent of HUD, Secretary Carson may have violated the spirit, and possibly the letter, of anti-nepotism laws designed to ensure that the government operates with integrity and in the public interest, rather than for the benefit of government officials and their relatives.¹⁴
- Ben Carson Jr.'s possible role as a *de facto* government employee. By imbuing Ben Carson Jr. with substantial authority, Ben Carson Jr. may have become a “special government employee”¹⁵ and triggered ethical obligations requiring him to abstain from working on matters in which he has personal financial stakes.¹⁶
- Prohibited voluntary services. Ben Carson Jr. and HUD may have violated the voluntary services prohibitions of the Anti-Deficiency Act, which bar acceptance of voluntary services without an adequate written agreement.¹⁷
- Use of public office to benefit Ben Carson Jr. Access to and influence over a cabinet official who oversees millions of dollars of federal grants is valuable. The record suggests

FY2018 Planning Grant Award Information, Choice Neighborhoods, DEP'T FOR HOUSING AND URBAN DEVELOPMENT,

<https://www.hud.gov/sites/dfiles/PA/documents/FY18PlanGrantSum082818.pdf>.

¹³ See, e.g., 18 U.S.C. § 201(b) (bribery); 18 U.S.C. § 201(c) (acceptance of a gratuity).

¹⁴ See, e.g., 5 U.S.C. § 3110.

¹⁵ 18 U.S.C. § 202.

¹⁶ U.S. OFFICE OF GOVERNMENT ETHICS, SPECIAL GOVERNMENT EMPLOYEES, <https://www.oge.gov/Web/OGE.nsf/Resources/Special+Government+Employees> (last visited Feb. 19, 2019).

¹⁷ 31 U.S.C. § 1341 *et seq.*

that Ben Carson Jr. has used his unique position as the Secretary's son to network on behalf of investors, which raises concerns that he may have been compensated for that access, either directly or through expanded business opportunities. By authorizing his son to act in this manner, Secretary Carson at minimum created the appearance that he was using his official position for the benefit of his family in violation of ethics laws.¹⁸

- Violations of lobbying rules. The evidence suggests that Ben Carson Jr. may have advocated on behalf of others with interests in HUD projects. This raises questions about whether Ben Carson Jr. acted as a lobbyist for local or state officials or for private investors, individuals, or entities in their dealings with HUD and, if so, whether he has complied with all applicable local, state, and federal requirements governing lobbying and lobbying disclosures.¹⁹
- Access to nonpublic information. The documents raise questions about whether Ben Carson Jr. provided local or state officials or private investors, individuals, or entities with nonpublic information that conferred unfair advantages, such as information about which projects HUD is likely to support or inside information that would improve the odds of selection for grants or other federal benefits.
- Inappropriate pressure on HUD petitioners. By providing his son with extensive access to HUD officials and information and empowering him to represent HUD in discussions with state or local officials or private individuals or entities, Secretary Carson may have created inappropriate pressure on such officials, individuals, or entities to curry favor with Ben Carson Jr. in order to compete effectively for federal grants, investments, or other benefits. Such conduct is likely to corrupt the administration of federal programs and the allocation of taxpayer dollars, all while potentially enriching Ben Carson Jr.

In short, the conduct demonstrated by the records American Oversight has obtained indicates, at best, inadequate attention to legal and ethical requirements and, at worst, flagrant corruption. One decade ago, similar allegations of favoritism and other improper influences in federal contracting triggered investigations by the FBI, the Department of Justice, and HUD's Inspector General and ultimately led to the resignation of HUD Secretary Alphonso Jackson.²⁰ There, the HUD Secretary improperly urged HUD officials to favor or disfavor grant applicants based on whether they supported then-President Bush. Here, instead of using political pressure, Secretary Carson has corrupted HUD operations with nepotistic pressure, which carries even more serious potential to corrupt public decision-making for private gains. Alarming, Jackson's scandals echo in the records American Oversight has received about HUD's current operations as Scott Keller, a "central figure in the government's investigation" of Jackson was among the private individuals whom Ben Carson Jr. sought to connect with HUD and Baltimore City officials.²¹

¹⁸ 5 C.F.R. § 2635.702; 5 C.F.R. § 2635.101(b)(14).

¹⁹ See, e.g., 2 U.S.C. § 1601 *et. seq.*; MD. CODE § 5-701 *et seq.*

²⁰ Dan Eggen & Carol D. Lanning, *Jackson Resigns as HUD Secretary*, WASH. POST, Apr. 1, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/03/31/AR2008033102672.html>.

²¹ Edward T. Pound, *Probe of HUD Chief Heats Up*, GOV. EXEC., Dec. 26, 2007, <http://www.govexec.com/oversight/2007/12/probe-of-hud-chief-heats-up/26006/>; see also *HUD Records Relating to Ben Carson Jr.*, AMERICAN OVERSIGHT, <https://www.americanoversight.org/document/hud-records-relating-ben-carson-jr>; *Baltimore City*

Ben Carson Jr.'s activities—and Secretary Carson's role in or knowledge of them—demand scrutiny amid growing evidence of inappropriate, unethical, and potentially unlawful conduct. American Oversight urges the Inspector General to review all of Ben Carson Jr.'s HUD-related conduct, including whether and to what extent he advocated to HUD officials on behalf of any person or entity; whether any HUD grants or financing were awarded to projects benefiting Ben Carson Jr.'s private interests; whether he received anything of value from any person or entity in connection with his HUD-related activities; whether he provided nonpublic information to any person or entity and whether that information conferred any unfair advantages; and whether Secretary Carson directed his son to engage in those activities or directed state and/or local officials or private parties to contact Ben Carson Jr. in connection with any HUD activity.

Thank you for your attention to this important matter.

Sincerely,



Austin R. Evers
Executive Director
American Oversight

Records of Communications with Ben Carson's Family Members, AMERICAN OVERSIGHT,
<https://www.documentcloud.org/documents/5757272-Baltimore-Mayoral-Records-of-Communications-with.html>.

cc:

Rae Oliver Davis
Inspector General
U.S. Department of Housing and Urban
Development
Office of Inspector General
451 7th Street, SW
Washington, DC 20410
hotline@hudoig.gov

The Honorable Jim Jordan
Ranking Member
Committee on Oversight and Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
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Enclosures:

Exhibit A - Public Records Received by American Oversight from Baltimore City Government

EXHIBIT A

From: Braverman, Michael "Acting DHCD Commissioner-HABC Executive Director" [Michael.Braverman@habc.org]
Sent: Thursday, June 22, 2017 5:57 AM
To: Tarbert, Colin; Cole, William H.
Subject: FW: follow up from meeting with Michael Braverman/Baltimore Housing

Here's my follow-up to Ben Carson's group. Let me know if you think I should add anything.
-Michael

From: Dunn, Jeannine
Sent: Monday, June 19, 2017 12:41 PM
To: 'hperry@interprisepartners.com'
Cc: Braverman, Michael "Acting DHCD Commissioner-HABC Executive Director"; Day, Julia "Acting Chief of Staff"; Redfern-Curtis, Wendi "Acting Deputy Commissioner - Land Resources"
Subject: follow up from meeting with Michael Braverman/Baltimore Housing

Good Afternoon Mr. Perry,

Michael asked that I reach out to you to let you know that he and his team enjoyed meeting with you recently, and your interest in Baltimore City is very much appreciated. We are confident that you will find worthwhile investment opportunities throughout the city. The following are some areas that you may want to look into:

- Park Heights – the City has site control over 62 acres of land in Park Heights that has been cleared and assembled. Plans for this area have not been finalized. Wendi Curtis in our Land Resources division would be the best point of contact to discuss development opportunities. She can be reached at wendi.redfern-curtis@baltimorecity.gov
- EBDI – Major redevelopment project on 88 acres in the Middle East neighborhood. Millions of dollars have been invested in this project over multiple phases, but there are still sites available. An RFP for several properties in the area just closed in May, but it might be worth contacting EBDI to follow up on whether they are still interested in proposals. More information can be found on their website, <http://ebdi.org/>.
- School Sites – As part of the 21st Century Schools initiative, 26 school buildings have been surplus, and the City's Planning Department is engaging stakeholders in discussions about potential plans for re-use. Here is the link for further information: <http://planning.baltimorecity.gov/surplus-schools>.
- Poppleton – There is currently both small and large scale redevelopment activity underway, e.g. La Cite has commenced the first phase of construction on a 13 acre site, and further investment is encouraged. You can discuss this with someone from our organization or you might want to contact Michael Seipp of Southwest Partnership, at michael@southwestpartnershipbaltimore.org, for more information on development opportunities in the area.
- You may also be interested in contacting either Bill Cole or Kim Clark from the Baltimore Development Corporation to discuss their recommendations on investment in other areas such as the west side of Downtown or neighborhood corridors. <http://baltimoredevelopment.com/>

If you'd like us to put you in touch with anyone from this list and/or make introductions for you, just let us know and we'll be happy to do so.

Thanks,

Jeannine

Jeannine E. Dunn
Senior Director
Policy, Programs & Strategic Initiatives
Baltimore Housing
417 E. Fayette Street
Baltimore, MD 21202
Direct (410) 545-1680|Office (410) 396-3232|Fax (410) 545-7771
Jeannine.Dunn@habc.org

From: Cole, William H. [wcole@baltimoredevelopment.com]
Sent: Friday, June 23, 2017 12:03 PM
To: Benjamin S. Carson, Jr.
Subject: Re: Park Heights

Keep me posted. Thanks!

William H. Cole
President & CEO
Baltimore Development Corporation
36 S. Charles Street, Suite 2100
Baltimore, MD 21201
ph: 410-837-9305
fax: 410-837-4723

Please excuse brevity, typos and grammatical errors. Sent from my wireless device.

From: bc@interprisepartners.com
Sent: June 23, 2017 12:47 PM
To: wcole@baltimoredevelopment.com
Subject: Re: Park Heights

I just sent a message to dad and Lynne. Let me see what I can do. I am also trying to get the tour to visit Poppleton

Ben Carson, Jr.
Interprise Partners
202.570.8890

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Cole, William H." <wcole@baltimoredevelopment.com>
Date: 6/23/17 11:24 AM (GMT-05:00)
To: Benjamin Carson <bc@interprisepartners.com>
Subject: Park Heights

So they assembled this two HUD tour and Park Heights is completely left out. From what I've seen, his schedule is completely jam packed. I'm joining for two parts - one on Wednesday and one on Thursday.

You may be the only one who can figure out how to get the Secretary and some collection of City stakeholders to do the very necessary tour of Park Heights/Pimlico.

Feel free to call my cell - (410) 960-6622

Bill

William H. Cole
President & CEO
Baltimore Development Corporation
36 S. Charles St. - Suite 2100
Baltimore, MD 21201
ph: (410) 837-9305
fax: (410) 837-6363
email: wcole@baltimoredevelopment.com

Rothwell, Gregory

From: steve.janes@baltimorecity.gov
Sent: Monday, June 26, 2017 11:28 AM
To: Michael.Braverman@habc.org
Subject: RE: Carson/park heights

So, my experience with HUD TA has been that for it to be of value the request should be a specific one on a technical matter. They do not do the abstract very well. As concerns Park Heights, one TA possibility would be to have HUD ask its pool of TA providers - their TA system uses the stable of experts approach - to evaluate and update, as needed, the Park Heights Master Plan that is now almost fifteen years old. The specific charge could be an evaluation of capital financing mechanisms with an eye toward attracting capital and/or developers to move the project forward.

A related ask could be for some sort of loan reserve/credit enhancement/back stop insurance for development projects which would help attract capital and/or a developer by lowering the risk associated with undertaking the project. HUD used to provide, in conjunction with 108 loans for commercial/industrial projects, BEDI (Brown Fields Economic Development Initiative) grant to projects as repayment insurance. (The Casino and Montgomery Wards 108s each have a \$1M BEDI reserves that, when the projects are paid out will come to DHCD.) Structuring and funding loan reserves might be beyond HUD's current interests but it could be worth exploring with them.

As concerns Poppleton, I do not know enough about what is currently going on there to usefully opine about it but, given the unusual way it went about getting HUD financing support, find the interest in it somewhat disconcerting.

From: Braverman, Michael "Acting DHCD Commissioner-HABC Executive Director"
Sent: Saturday, June 24, 2017 5:10 PM
To: Janes, Stephen "Asst. Commissioner Strategic Plng & Resources"
Subject: FW: Carson/park heights

Steve,

What would be the HUD ask for Park Heights? I'm not clear on Poppleton either. Is it technical assistance? Do they have some free consultants to send us? Any advice would be appreciated.

From: Cole, William H. [<mailto:wcole@baltimoredevelopment.com>]
Sent: Friday, June 23, 2017 3:08 PM
To: Braverman, Michael "Acting DHCD Commissioner-HABC Executive Director"; Hammen, Peter - (Baltimore City)
Subject: Carson/park heights

Ben Jr. Is trying to get both Park Heights and Poppleton moved into the tour for next week. He's been actively working on it.

Bill

William H. Cole
President & CEO
Baltimore Development Corporation
36 S. Charles Street, Suite 2100
Baltimore, MD 21201
ph: 410-837-9305
fax: 410-837-4723

Please excuse brevity, typos and grammatical errors. Sent from my wireless device.